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27 January 1984

MEMORANDUM FOR THE RECORD

SUBJECT: Interagency Briefing of the Senate Committee
on Energy and Natural Resources on the World
Petroleum Outlook

1. On 27 January 1984 the Senate Committee on Energy and Natural Resources held a closed briefing on the World Petroleum outlook in Room S-407 of the Capitol. Senator James A. McClure (R., ID) chaired the briefing. Senators Frank H. Murkowski (R., AK), Chic Hecht (R., NV), and Daniel J. Evans (R., WA) also attended. Senator John W. Warner (R., VA) participated briefly at the end of the briefing. A transcript was taken. []

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2. The following witnesses testified:

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Office of Near East and South Asian Analysis (NESA)
Directorate of Intelligence (DDI)
Central Intelligence Agency (CIA)

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CIA/DDI/NESA

Office of Global Issues, CIA/DDI

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Lt. Gen. Herman O. Thomson
Office of Joint Chiefs of Staff
Department of Defense (DoD)

Maj. Gen. Edward L. Tixier
Deputy Assistant Secretary
Near East and South Asian Affairs, (DoD)

Richard McCormack
Assistant Secretary for Economic and Business Affairs
Department of State (DOS)

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James A. Placke
Deputy Assistant Secretary
Bureau of Near Eastern and South Asian Affairs (DOS)

Helmut Merklein
Assistant Secretary for International Affairs
Department of Energy [redacted]

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3. The briefing began with CIA testimony on the status of the Iran-Iraq war. [redacted] also covered Iraq's financial problems, the possibility of an escalation of the war with Iran, and Iran's likely response to a heightened Iraqi offensive. (A copy of Mr. [redacted] statement is filed in the Office of Legislative Liaison briefing folder.) [redacted]

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4. General Thomson discussed the US presence in the Persian Gulf region and US cooperation with states other than Iran and Iraq. He was also questioned about any efforts by our European allies to prepare for the eventuality of a cut-off in Gulf oil exports, given the fact they are more dependent than the US on Gulf oil. [redacted]

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5. Mr. McCormack's presentation concerned the outlook for world oil supplies and the relatively comfortable position of the US Strategic Reserve Stockpile. Mr. Placke discussed US diplomatic initiatives to defuse growing tension in the Gulf. [redacted]

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6. Mr. Merklein commented on the current state of the soft oil market due to a seasonal decline in demand, the financial difficulties of OPEC states and weak economic growth outside the US. He discussed the improving ability of the US to tolerate an oil cutback due to reserves and conservation efforts. The question of likely IEA responses to an oil crisis was also considered. [redacted]

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7. Following these formal presentations, the Senators asked a number of questions. These included possible world reaction to an Iranian closure of the Straits of Hormuz, sources of arms support for Iran and Iraq, conservation efforts in the US, and the outlook for the Iranian government. Finally, each witness was asked to comment on the likelihood of an escalation of the Iran-Iraq war. [redacted]

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8. [] was asked to provide copies of the charts and maps he used in his presentation. Arrangements were made to forward copies for submission for the record. []

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Liaison Division
Office of Legislative Liaison

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